

Message Text

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21

ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 L-01 H-01 INR-05 PM-03 PRS-01

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R 171706Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5624

C O N F I D E N T I A L LONDON 14773

LIMDIS

E.O. 11652: XGDS-1

TAGS: ENRG. UK

SUBJECT: NORTH SEA OIL PARTICIPATION

REF: LONDON 14430

1. WE DISCUSSED SHELL/ESSO PARTICIPATION NEGOTIATIONS BRIEFLY WITH SECRETARY OF STATE FOR ENERGY BENN ON BASIS OF RECENT PRESS ITEMS WHICH (CORRECTLY) REPORTED THAT PROPOSED BNOC OPTION TO BUY 51 PERCENT OF SHELL/ ESSO NORTH SEA CRUDE IS MAIN AREA OF DISAGREEMENT. WE NOTED THAT ESSO AND SHELL MARKET MORE OIL IN THE UK THAN THEY EXPECT TO PRODUCE FROM THE NORTH SEA AND THEY WERE UNDERSTANDABLY RELUCTANT TO BE OBLIGED TO TURN OVER SUPPLIES TO A PROSPECTIVE RIVAL MARKETER.

2. BENN SAID HE RECOGNIZES THAT DIFFERENT OIL COMPANIES ARE IN DIFFERENT SITUATIONS, E.G. BP IS RICHER IN CRUDE THAN ESSO AND SHELL, AND THAT GOVERNMENT IS FLEXIBLE AND CAN MAKE DIFFERENT ARRANGEMENTS TO TAKE ACCOUNT OF THIS. HIS PROBLEM IS TO BE ABLE TO CONTROL WHAT HAPPENS TO OIL. I.E. PREVENT IT FROM GOING ABROAD IF THE GOVERNMENT DOESN'T WANT IT TO GO. THERE MIGHT BE VARIOUS WAYS OF ACCOMPLISHING THIS. IN ANY CASE, MATTER REMAINS CONFIDENTIAL

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UNDER NEGOTIATION, FURTHER MEETINGS WILL BE HELD (INCLUD-

ING ONE TODAY) AND HE EXPECTS PROBLEM TO BE RESOLVED.

3. WE PASSED ALONG THE ABOVE TO JIM DEAN, ESSO, WHO HAS
JUST RETURNED FROM NEW YORK.

ARMSTRONG

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NNN

Message Attributes

Automatic Decaptioning: Z
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Concepts: OFFSHORE DRILLING, BUSINESS MERGERS, NEGOTIATIONS
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Margaret P. Grafeld
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